

1995
Executive Research Project
S8

DTIC
S ELECTED
MAY 15 1995
C

A Theoretical Consideration of Acquisition Reform

Dr. Deborah F. Frank
Department of the Army

Faculty Research Advisor
Dr. Linda Brandt



CLASSIFIED BY [unclear]
Approved for public release
Distribution Unlimited

The Industrial College of the Armed Forces
National Defense University
Fort McNair, Washington, D.C. 20319-6000

19950511 130

BEST QUALITY IMPROVED 5

UNCLASSIFIED

SECURITY CLASSIFICATION OF THIS PAGE

REPORT DOCUMENTATION PAGE

1a. REPORT SECURITY CLASSIFICATION UNCLASSIFIED	1b. RESTRICTIVE MARKINGS		
2a. SECURITY CLASSIFICATION AUTHORITY N/A	3. DISTRIBUTION/AVAILABILITY OF REPORT Distribution Statement A: Approved for Public Release: distribution is unlimited.		
2b. DECLASSIFICATION/DOWNGRADING SCHEDULE N/A			
4. PERFORMING ORGANIZATION REPORT NUMBER(S) NDU-ICAF-95- <i>AS</i>	5. MONITORING ORGANIZATION REPORT NUMBER(S) N/A		
6a. NAME OF PERFORMING ORGANIZATION Industrial College of the Armed Forces	6b. OFFICE SYMBOL (If applicable) ICAF-AR	7a. NAME OF MONITORING ORGANIZATION National Defense University	
6c. ADDRESS (City, State, and ZIP Code) Fort McNair Washington, D.C. 20319-6000	7b. ADDRESS (City, State, and ZIP Code) NDU-LD-SCH Ft. McNair Washington, D.C. 20319-6000		
8a. NAME OF FUNDING/SPONSORING ORGANIZATION N/A	8b. OFFICE SYMBOL (If applicable)	9. PROCUREMENT INSTRUMENT IDENTIFICATION NUMBER N/A	
8c. ADDRESS (City, State, and ZIP Code)	10. SOURCE OF FUNDING NUMBERS PROGRAM ELEMENT NO. PROJECT NO. TASK NO. WORK UNIT ACCESSION NO.		

11. TITLE (Include Security Classification)

A Theoretical Consideration of Acquisition Reform

12. PERSONAL AUTHOR(S)

Deborah J. Frank

13a. TYPE OF REPORT Research	13b. TIME COVERED FROM Aug 94 TO Apr 95	14. DATE OF REPORT (Year, Month, Day) 1995 April	15. PAGE COUNT 35
---------------------------------	--	---	----------------------

16. SUPPLEMENTARY NOTATION

17. COSATI CODES FIELD GROUP SUB-GROUP	18. SUBJECT TERMS (Continue on reverse if necessary and identify by block number)		

19. ABSTRACT (Continue on reverse if necessary and identify by block number)

See Attached

DTIC QUALITY INSPECTED 5

20. DISTRIBUTION/AVAILABILITY OF ABSTRACT <input type="checkbox"/> UNCLASSIFIED/UNLIMITED <input checked="" type="checkbox"/> SAME AS RPT. <input type="checkbox"/> DTIC USERS	21. ABSTRACT SECURITY CLASSIFICATION UNCLASSIFIED	
22a. NAME OF RESPONSIBLE INDIVIDUAL Susan Lemke or Tina Lavato	22b. TELEPHONE (Include Area Code) (202) 287-9458	22c. OFFICE SYMBOL NDU-LD-SCH

RESEARCH ABSTRACT

NAME: Deborah F. Frank

DATE: April, 1995

TITLE: A Theoretical Consideration of Acquisition Reform.

SUMMARY:

Acquisition reform has been an almost continual effort since 1960. Yet, the very continuance of this reform effort indicates that the efforts have not been successful. The current Government acquisition reform effort appears to be modeling the industrial sector efforts via the use of reengineering. However, one can analyze the Defense acquisition system against a theoretical construct of the systems theory. This framework will demonstrate an acquisition system which is driven by other than the common perceptions of efficiency and effectiveness. The existence of these driving factors may explain why reengineering is no working as quickly in government as in industry and why past acquisition reform efforts have not been successful.

This paper looks at the current acquisition reform effort and the private-sector industrial reengineering movement. The entire process is viewed against a construct of systems theory to assess influences that might exist beyond the reaches of the current acquisition effort.

DISCLAIMER

This research report represents the views of the author and does not necessarily reflect the official opinion of the Industrial College of the Armed Forces, the National Defense University, or the Department of Defense.

This document is the property of the United States Government and is not to be reproduced in whole or in part for distribution outside the federal executive branch without permission of the Director of Research and Publications, Industrial College of the Armed Forces, Fort Lesley J. McNair, Washington, D.C. 20319-6000.

Accession For		
NTIS	CRA&I	<input checked="" type="checkbox"/>
DTIC	TAB	<input type="checkbox"/>
Unannounced		<input type="checkbox"/>
Justification		
By _____		
Distribution / _____		
Availability Codes		
Dist	Avail and / or Special	
A-1		

Frank 1

May you live in interesting times.

Chinese benediction

INTRODUCTION

The Federal Government procurement process is in continual change. It responds to constant shifts in national and international situations. Culver in Federal Government Procurement - An Uncharted Course Through Turbulent Waters discusses a historical perspective of the United States procurement process, beginning in Colonial times through today. It reflects continual turbulence and attempts to adapt to a changing environment. The turbulence being experienced today is a continuation of this history. When placed in a historical perspective today's reforms will simply show a continuation of the trends of the past two hundred and twenty years.

Let's Talk...

The talk of the town is acquisition reform. Everybody's doing it. This paper is just another in a long parade of efforts to define, support, argue, debate and expound this latest effort at an improved acquisition system.

What is acquisition reform? What is this paper about? Before acquisition is reformed we must first understand what we are reforming for. What are the objectives? Reform for whose purposes? Who are the reforms for? Whose needs does the system

currently meet and hope to meet? What realistic alternatives exist? In his remarks to the Industrial College of the Armed Forces, Honorable Paul G. Kaminski stated that acquisition reform ought to make us more efficient, improve our business practices and allow us to buy more with less.

In this reform process, we must remember the forces that drove the current state of acquisition: protect military uses against poor workmanship, protect the public against fraud and abuse, and advance certain socioeconomic goals. Given the objective of "acquisition reform" and the forces that drive the acquisition process, it is no wonder the reform effort evokes such discussion, analysis and review.

In Acquisition Reform: A Mandate for Change, Secretary of Defense, William Perry concludes "... DoD has been able to develop and acquire the best weapons and support systems in the world. DoD and contractor personnel accomplished this feat not because of the (acquisition) system, but in spite of it. And they did so at a price...the nation can no longer afford to pay..."

We are in a time of reform. Private industry has been thrust into a global marketplace that demands maximum efficiency. This need for efficiency has resulted in a recognition and embrace of attempts to maximize productivity. In this regard, reengineering has emerged as a highly successful procedure to maximize organizational productivity.

Recommendations for the reform of the Defense Department's Acquisition Process are generally directed at specific elements within the system, i.e., numbers of workers, dollar threshold for contracting, use of standard items. This attempt at reform of isolated elements will improve the acquisition system, to some extent. Yet a look at other organizations and their attempt at reform reflects a different approach. Although the Government is seriously pursuing an acquisition reform, when compared to other organizational streamlining efforts, the Governmental approach appears limited in scope.

The current Government acquisition reform effort appears to be modeling the industrial sector effort via the use of reengineering. However, if one considers the Federal acquisition process against a theoretical construct of the systems theory we can establish that factors/influences exist for Government that are not present in the industrial sector. The existence of these factors may explain why first, reengineering is not working as quickly in government as in industry and second, the continual parade of acquisition reform efforts over time has failed to "reform."

This paper will look at the current acquisition reform effort. The influence of the industrial reengineering movement will be considered in terms of the attempt to apply that process to Government acquisition. The entire process will be viewed

against a construct of systems theory to assess influences that might exist beyond the reaches of the current acquisition effort.

PLAY IT AGAIN, SAM

The Military Acquisition Subcommittee meets this morning to begin a series of hearings on acquisition polity and reform and, . . . whether we can really do it this time. One could argue we have been attempting to reform the acquisition system for decades, dating all the way back to the Hoover Commission on up to the Packard Commission and the Defense Management Review. I am encouraged that we may have an opportunity that we never had before. (Acquisition Fact or Fiction, 1)

The U.S. acquisition system has been burdened with criticism for years. The obvious criticisms are many. There are the routinely-quoted problems of contractor overpricing for simple items. There is the common perception by Americans that "the government" does things the hard way. There are also the more subtle signs that reflect a concern with the U.S. acquisition system. The Comptroller General report, Weapons Acquisition: A Rare Opportunity for Lasting Change, verifies that almost continual taskings of commissions and task forces are examining the system to determine problems and recommended solutions.

The National Performance Review began in 1993 when President Clinton announced a six-month review of the federal government. The Report of the National Performance Review documented a process that was intended to change Federal Government operations. The process followed a logical sequence of cutting

red tape, putting customers first, empowering employees and getting back to basics.

The Report of the National Performance Review was the basis for the beginning of Acquisition Reform: A Mandate for Change. In turn, this reform document generated a massive reform effort in the Department of Defense. This reform effort has taken on the mantle of reengineering, with the intent of assessing current acquisition processes and seeking more effective, efficient ways of doing business.

YEAR	REFORM INITIATIVE
1961	McNamara Initiatives
1970	Fitzhugh Commission
1972	Commission on Government Procurement
1976	OMB Circular A-109
1978	Defense Science Board Acquisition Cycle Study
1979	Defense Resources Management Study
1981	Defense Acquisition Improvement Program
1983	Grace Commission
1986	Packard Commission
1986	Goldwater Nichols

1989	Defense Management Review
------	---------------------------

The current reform effort has generated publicity, excitement and a new position, Undersecretary of Defense for Acquisition, to serve as the procurement czar. But reform is not a new word in the Department of Defense vocabulary. Since the 1950's acquisition reform has been attempted, without success. The reform efforts of the sixties were initiated by Robert McNamara in an attempt to "fix" the procurement system. As can be seen in the above table, McNaugher in Defense Management Reform says that there has been a series of reforms since then. Reforms have addressed such issues as better planning, increased centralization, simplified reporting chain, better cost estimates, additional executive-level personnel, inclusion of the Joint Chiefs of Staff, increased milestone approvals, and funding and program stability.¹ Yet the system resists significant change. The evolution of the "acquisition reform waterfall" results from the lack of success. Why is there a continual parade

¹In 1985, in response to media accounts of fraud, waste and abuse,, the President established the Blue Ribbon Commission on Defense Management. The major recommendations of the commission were: 1) establishment of an Under Secretary of Defense for Acquisition, 2) establishment of a Service Acquisition Executive for each service and 3) appointment of Program Executive Officers. All recommendations were aimed at DoD's management policies and procedures.

of reform initiatives? Each of these reform initiatives championed sound management, but failed to recognize the existence of the "acquisition culture," the environment in which all of the participants operate.

Reformers have spent a good deal of time and effort since the 1950's trying to centralize, simplify and stabilize the weapons acquisition process. Yet the process somehow defies centralization and stabilization, and if anything it grows more rather than less complicated. . . An important part of the problem can be attributed to the political milieu in which reform occurs. (McNaugher, 188)

The repudiation of past reform efforts does not end there.

Reform of weapon-acquisition systems has produced precious little by way of improvement. Incessant finger pointing, second-guessing, scandal brandishing, regulation writing, and general viewing with alarm have produced an atmosphere of distrust - hardly conducive to getting the job done.... (Gregory, xii)

Finally, a 1986 survey by Arthur D. Little reported that there is a perception that the acquisition process is so cumbersome that it is unlikely that it can ever function in its present form. It is beyond repair in its present state. To succeed, the reformers must not only recognize this culture, but also have the ability to effect change. Despite commissions and Congressional interest and continual DoD directives and changes, the U.S. acquisition system continues to function under a heavy

burden of regulation and bureaucratic inefficiencies.²

Past reform efforts were instituted on a regular basis. Each of the efforts resulted in additional recommendations, regulations and personnel. The President's Blue Ribbon Commission on Defense Management recognized this problem.

In general we discovered these problems (acquisition inefficiencies) were seldom the result of fraud or dishonesty. Rather they were symptomatic of the underlying problems that affect the entire acquisition system. Ironically, actions being prescribed in law and regulation to correct (the problems) tend to exacerbate these underlying issues by making acquisition procedures even more inflexible and by removing whatever motivation exists for the exercise of individual judgment. (Gansler,14)

Yet the reform parade continues. Evidently the results of the reform efforts have not effected significant or lasting or effective or desirable change. Some point is being missed, the source of the problem is not being addressed, the "easy" solutions are being implemented. Or the real problem is not identified.

The problem must be identified and analyzed in a different fashion. In order to effect change of a process, to alter the output of product, the inputs to that process must be identified. By identifying inputs, the makeup of the process can be clearly

² McNaugher discusses, in detail, reform attempts since McNamara. In summary, the results of reform have led to an imposition of political values on the weapons development process. He concludes that reform efforts have been counterproductive to each other.

analyzed and a better understanding can be developed as to the rationale for the particular process. Once done, this identification can suggest which inputs should be changed or if they can be changed. Without assessing inputs that make up an output, the process cannot change.

CHANGE

"The only people who like change are wet babies"

Sir Brian Wolfson

The Federal government is not the only institution seeking answers on how best to change. American companies constantly search for methods to improve their operations. Surveys suggest that companies are constantly undertaking programs, initiatives or projects to improve organizational performance. Of 200 companies in a recent survey, 42% initiated 11 or more projects within the past five years (Management Review, Oct. 94). This validates the premise that companies are willing to undergo the turbulence of change in search of improved performance, profits and worker motivation.

Firms create advantage by discovering new and better ways to compete in the industry and bring it to market. This represents innovation, including improvements in technology and better methods of doing things. It is reflected in product and process change, new approaches to marketing and new forms of distribution. This change is based more on a cumulation of small

insights rather than technological breakthroughs.

Change is difficult. In any corporation there will be any number of "customers" who will resist the change. Many parties have a vested interest in maintaining the system as it is for any number of reasons - stockholders, board of directors, vendors, management, public relations. Manganelli and Klein in "A Framework for Reengineering" maintain that change within an organization must be mandated by senior management, at the least, and "worked" with the customers, at least those maintaining power within the organization. Like Hammer and Champy in Reengineering the Corporation, Manganelli and Klein also stress the "rapid" and "radical" approach to business reengineering. They assert that anything less will result in failed improvement programs.

Given the above discussion on change, one must appreciate the difficulty of introducing change into a system. In Head to Head Lester Thurow asserts that organizational change is very difficult. Companies that are failing will find change difficult enough, due to the strength of the status quo, but companies will submit to it out of necessity. Companies that are successful, or at least perceived to be successful, will resist change even more. Whatever skills, talents, technologies, and luck exist within the organization worked to cause the initial success. Why change?

Reengineering

The current Federal acquisition reform effort has taken on the mantle of reengineering. According to Colleen Preston the defense acquisition system is undergoing this process. This is reflected in the use of process action teams to explore methods of simplifying oversight procedures, and successfully integrating government and commercial technologies.

Hammer and Champy generated the first documentation of the reengineering approach, addressing only corporations in their discussion. These authors say that old ideas of management must be discarded. Their central thesis is that American corporations must undertake nothing less than a radical reinvention of how they do their work. All managerial, operational concepts should be discarded since they are based on how things worked in the past. Today's business must be reinvented using newly developed business processes, through a process called business reengineering.

Hammer and Champy identify and discuss three specific companies that have introduced reengineering and have met with unexpected success. IBM Credit Corporation, which is in the business of financing computer purchases, looked at a process that ranged from six days to two weeks. After reengineering, this process was down to four hours. Ford Motor Company had an accounts payable department of 500 people that they hoped to reduce by 20%. After reengineering, they reduced this department

to 125 people. Finally, Kodak looked at their product development process that was very time consuming and costing the company with its inability to generate timely and competitive products. A review of the process and the introduction of concurrent engineering cut in half the time from concept development to production.

Companies may choose to begin this process for many reasons: lower profits, decreased motivation, a declining number of markets or increased competition. Whatever the reason, the process demands an extensive review of operations and a willingness to make significant change. Reengineering is working in industry. However this author believes there is a more fundamental theory that must be addressed when analyzing the Federal acquisition system. This theory must be considered before embarking on a reform approach.

A THEORETICAL CONSIDERATION

An analysis of this subject must be based on an understanding of a theory that is applicable to its structure, process, or operational mode. In this way, we can appreciate the current situation, variables that may influence the subject, and we may have the basis for some projections. To logically analyze a system or process, it must be placed against a theoretical framework. In this fashion, aspects of operational system can be more thoroughly studied and projections can be made based on

definable data.

It is this writers opinion that a theoretical assessment of a problem is necessary before effective alternative solutions can be proposed. A look at the problematic process against a theoretical framework allows an understanding of current process flow and an opportunity to consider possible inputs and outputs. This approach can provide a better understanding of the forces that drive a process, and in turn, the results of that process.

Systems Approach (What Goes In Must Come Out)

Beishon and Peters state that "the systems approach has been adopted by social psychologists as a basis for studying organizations." According to these authors, there is an increasing trend in adapting the systems approach to organizational theory and management practices. This adaptation does not purport to display an exhaustive analysis of the management practice, rather it provides an illustration that will assist in analysis and evaluation.

Emery states that "the essential characteristic of a system is that it is composed of interacting parts, each of which has interest in its own right." This is the key to the systems theory and the key to this analysis on acquisition reform. Emery continues that the interacting parts are the significant factor in this theory and influence the behavior of the system. A given system component transforms inputs into outputs, presumably

contributing to the accomplishment of a desired purpose of the system.

Thus, the system theory is a rather basic process that purports that with certain input, there is a certain, predictable output. The same input will continue to result in the same output unless there is some disruption to the process. That is, unless other inputs change or interact in a different fashion.

What are the inputs to our acquisition system? Can we define the elements that make the U.S. acquisition system unique? In the quest for more efficiency other countries have assessed inputs to their acquisition systems and altered inputs as necessary. Both Houston in his class presentation and Kilgore in "Foreign Acquisition Systems - Can We Learn From Them?" state that these efforts have resulted in more efficient and effective acquisition processes. These studies focus on governmental control, budgetary process, workforce training, relationship with contractors and legislative oversight. These factors are some of the key drivers in the definition of a unique acquisition system.

The defense acquisition system purchases \$200.0 billion worth of goods and services every year. (Purchasing Abstract, 1993.) This huge buying machine is a complex formulation of three separate and distinct processes, funding, requirements and acquisition.

The integrated management framework is depicted in a graphic

of interlocking circles. This interchange of the three functions of budgeting, acquisition and requirements brings the opportunity of customers from different arenas to play in the acquisition process - Congress, the services, regulatory agencies, OSD. Each player brings their own agenda and has the power to influence the operation of the acquisition. Acquisition systems reflect the governmental and political systems in which they exist.

The Comptroller General report, Weapons Acquisition: A Rare Opportunity for Lasting Change, the AO report concludes that an "acquisition culture" exists throughout DoD.

This culture can be defined as behavior... of participants in the acquisition process - DoD and Congress - and forces motivating behavior. The process is an interaction of participants rather than methodological procedure.

Given this acquisition culture, participants operate within its formal and informal rules and expectations. Roles and rules are defined, winning is understood. Program survival is intertwined with participants needs, all participants. Some examples of the players and their needs: military services/OSD feel a need to perpetuate a mission, contractors want to sustain business and acquire profits, overseeing organizations want to find and fix problems, Congress needs to satisfy their constituency and Program Managers want to maintain or enhance their reputations. To further complicate the culture, the short-term tenure of many participants encourages near-term payoffs.

All acquisition systems have certain inputs that contribute to the peculiar system which results. These inputs include such diverse elements as cultural expectations, regulatory requirements, customers and stakeholders, budgetary processes and political pressures. I will explore the U.S. acquisition system in light of a systems theory. It is hoped that this exploration will shed some light on the U.S. acquisition system, its resultant strengths and weaknesses and help define the parameters that must be considered in acquisition reform.

Given a systems theory and a general understanding of the key factors (inputs) in an acquisition system, what now? If we are so anxious to improve our acquisition system, why not just make some adjustments to the inputs? Since other countries appear to be relatively satisfied with their acquisition systems, we could borrow as appropriate, make improvements and create a more efficient, effective organization.

THE SYSTEM WORKS ! !

The problem is, simply, that the current acquisition system works. Given a parochial view of the acquisition system in terms of efficiency and effectiveness, it certainly has its problems. This is recognized and documented on a routine basis and there is no need to pursue that avenue here. However, when viewed from the larger perspective, and when one recognizes the many players in the acquisition process, the system is successful for the

customers. Significant changes will impact these players and, since power exists with the players, they may be reluctant to move to another system.

The success of the system is documented in numerous writings. Some writers may place this in a more financial sense. There are concerns expressed that certain customers, small businesses, minority contractors and suppliers have "profited" from the current system. Therefore, these customers may attempt to derail efforts at acquisition reform. This may be the case, but the point here is not to be limited to profiteering. These players, as well as many others, have established themselves in an acquisition system that provides status, power, influence, opportunities for success, as well as financial rewards. For these players, the system works and they will resist changes to a system that provides this type of return.

Forman puts forth an interesting proposition in "Wanted: A constituency for Acquisition Reform." She asserts that there are continuing calls for reform from all arenas. All parties agree that the acquisition process is not efficient. However the reason our system has not been changed is because the system is working the way its customers want it to. Some customers of the current acquisition system are discussed.

The military are the most visible customers of the system. Given the current system, their influence and power are allowed

to expand. Each service controls its own destiny by controlling its own acquisition. Defense contractors are also very interested in maintaining a system in which they can sustain operations as well as make profits. Any changes in the acquisition system may modify this capability. Another customer is the Congress. Given the current process, Congress can influence military acquisition programs and provide jobs for their states. Additionally, they may appear in the role of reformer in their efforts to "clean up the system." The media, similarly, benefits from the current system by grandstanding any actual or perceived problem in the system, alerting the public to fraud, waste and abuse. Small business is also comfortable with the system in its assurance of continuing awards for their markets.

Considering these inputs to our acquisition system, one can see that the call for reform must be supported by a diversity of customers so as to overcome these vested interests. Forman maintains that any change to the acquisition process must overcome these entrenched areas first. Acquisition reform advocates also recognize this dilemma. Many authors have expressed concern regarding the entrenched interests of special interests such as small business, minority contractors, suppliers, media and others that profit from the current system.

A recent GAO report suggests that acquisition funds are among the most discretionary in the DoD budget. This sole factor

must make these funds particularly appealing to politicians, whose existence is determined by constituents, and whose elections are supported by powerful lobbyists and political action committees, which often represent defense contractors. This relationship involves politicians in the acquisition process. Add to that formula the distasteful downsizing and decrease of the defense budget - where more hands chase fewer dollars.

Politics

In the above discussion it becomes apparent that inputs to the acquisition process cannot be readily changed. The process is meeting the needs of those involved. A larger, more potent factor emerges which influences, indeed controls, the acquisition process. The political influence must be addressed in this process. This author believes that the political environment is a critical factor in the acquisition process. To modify the defense acquisition process, the role of politics must be considered. To attempt to influence the current process without assessing political influence will fail.

Political involvement in the acquisition process began 220 years ago. Congress received virtually every power over the budget via Article I of the Constitution. Since that beginning, the involvement of Congress within the DoD budgeting and

acquisition cycle has increased.³ The result of this evolution is that Congress is increasingly involved in defense budget details. In the period from 1980 to 1990, the number of line item changes made by Congress in the Defense budget rose from fifteen hundred to over twenty five hundred. The effect of this degree of micromanagement is that Congress decides what programs are killed, supported or modified. This feeds the Congressional need to "feed" its constituents. A telling comment by a Member of Congress summed up the acquisition reform problem. "We can't reform the Pentagon until we reform ourselves."⁴

The increasing degree of political involvement is demonstrated in Table 1, showing the growing expectation of Congress for information and detail. This requirement for increased visibility demonstrates the ever-growing interest and involvement of the political system in the Federal acquisition process. By maintaining visibility, Congress can more easily influence and possibly control, decision making and funding distribution.⁵

³Shuman (1988) discusses the history of the Congressional budget process, its evolution and current status.

⁴Wildavsky (1987) reviews the current Congressional committee structure and how this structure contributes even further to the involvement of Congress in the DoD budget and acquisition process.

⁵Adelman and Augustine discuss the Defense procurement mess due to Congressional micromanagement. They provide interesting examples which demonstrate an increasing trend in this area.

TABLE 1 Congressional Line Item Changes to DoD Budget Requests

YEAR	AUTH	APPRO	TOTAL
1980	300	1200	1500
1982	350	1200	1550
1984	900	1500	2400
1986	1350	1800	3150
1988	1250	1700	2950
1990	1150	1350	2500

Source: Comptroller General of the United States. Weapons Acquisition: A Rare Opportunity for Lasting Change, 1990.

A recent example of the political influence on the acquisition process is reflected in the reform process itself. When an acquisition reform proposal moved from DoD to the White House, it died. Although it reflected an ambitious effort for acquisition reform, it attempted to eliminate too much (politically) in the way of social regulation. This proved to be politically unacceptable. An acquisition reform bill was passed into legislation, but it was not as ambitious as the proposal supported by DoD.

Another significant political influence on the acquisition process is the budget. The current trend in the size of the

budget suggests that Congressional representatives will attempt to maintain or even increase their influence over the acquisition process. The significant changes in the budget are reflected in Table 2.

These Congressional issues affect the defense acquisition process. This intervention by the legislative and executive branches of the government may meet their needs - be they

TABLE 2 DEFENSE OUTLAYS AND DEFENSE PERCENTAGE OF TOTAL OUTLAY

YEAR	CNT \$ (B)	CST FY 87 \$ (B)	% CHG	DEF %
1960	48	220	-16	52
1965	51	204	-7	43
1970	82	263	29	42
1975	87	184	-30	26
1980	134	187	2	23
1985	253	261	40	27
1990	299	273	5	24
1995*	271	207	-24	18
1999*	258	175	-16	14

* Projected

Source: Schick, Allen. The Federal Budget, 1995

political, economic or social - however the result on the acquisition process is constant change and turbulence. This turbulence is a critical factor in decreasing the management capabilities at the appropriate levels. This in turn feeds the perception that program managers cannot manage their program. This in turn feeds the perception that higher level managerial "help" is needed. Norm Augustine contends that "turbulence in the defense acquisition management process must be eliminated."

The ever-increasing Congressional interest in terms of micro-management, budget and political concerns remains a growing issue. This Congressional oversight is a critical input in the acquisition process. This influence affects, in some respects, controls the acquisition process. It can be seen that this micromanagement is increasing while there are calls for acquisition reform and simplification and reengineering. The concept of increasing Congressional management and acquisition reform are inconsistent.

In a consideration of the systems theory applied to the acquisition process, political interests are a major input. The political influence affects the acquisition process. This political input affects all activity and introduces a culture which must be understood to understand the acquisition process. The system cannot be changed unless the inputs are changed.

Obviously some of the inputs into the system are more

influential than others. Based on the power of the political input - its control of regulation, budget, reporting and approval - thus input is the most influential in shaping the acquisition process. In turn, any reform of this acquisition process should consider this input and acknowledge its influence of the system.

Our political system is structured so that competing branches of government intersect with one another. Originally instituted as a system of checks and balances, these branches of government hamper efficiency and reform. Managerial reform efforts are complicated, and possibly convoluted, by the interaction of the political system. Thus, any attempt for centralization within one branch of the government would be fought by one of the other branches. Similarly any reform effort to minimize political influence in the acquisition system will be fought by the branches of the government.

The costs of politicization have been high. Increasingly dominated by the short-term perspective of the political process, the acquisition process makes basic mistakes in the allocation of resources to research and development, where a long-term perspective is required. Increasingly dominated by the pork-barrel decision rules of American politics...where flexibility and decisiveness are required.
McNaugher, (New, Old p. 15)

McNaugher maintains that "effective reform would require fundamental change in the relationship between the political system and the acquisition process."

REFORMING THE REFORM PROCESS

Osborne and Gaebler in Reinventing Government say that, to reinvent government, the incentives that drive public institutions must be changed. An analysis must be performed on the institution to assess what elements of the market need to be improved to make it work.

The political influence must be acknowledged in the acquisition reform process. Politics is the environment within which the process functions. Unless the political influence is acknowledged, no significant, lasting change can be made. This includes Congressional interest of all types, budget controls, reporting requirements, constituent interest, contractor interest. These influences are powerful influences.

The United States could also modify its acquisition system. But any modification, however small or large, would require the support and/or approval of the "customers" who provide the input to the process. The change will be neither easy nor comfortable for the parties involved. Reform would require a change in the inputs to the acquisition process; a change in the relationship between customers and the acquisition process. Most significantly, reform would require a change in the relationship between the political system and the acquisition process.

The critical change would be the political dimension. The intensive Congressional micromanagement influences the Federal

acquisition process. This control causes delay and risk-aversive actions on the part of those who are responsible - the program managers.

Gregory in The Defense Procurement Mess discusses this increased involvement by Congress. He says that the role of Congress should be that of a board of directors, not managers. But Congress has become so involved in the acquisition process that it has lost its objectivity as a reviewing authority. Until Congress recognizes this dilemma and removes itself from acquisition management, the problem will continue. Thus, this one significant input into the acquisition system will continue - making real reform impossible.

It appears to be consensus that the acquisition reform process must address all factors influencing the output. Additionally, the political environment that influences so heavily the acquisition process must be faced. If changes are not made to the political aspect, then, based on the history of acquisition reform, we can probably assume that changes made to other inputs will result in a marginal return. Corporate America has effectively used the reengineering process to introduce needed innovations. But reengineering has the ability to effect change to all necessary inputs in the corporate world. I do not believe this to be true in the Federal acquisition process. Politics cannot be ignored as a critical factor in the playing of

the acquisition game. The theoretical structure of the system, with its second and third order effects, must be recognized before any meaningful change can take place.

McNaugher reaches this same conclusion.

It remains to be seen whether some reforms might succeed where the kind chosen so far have failed. Clearly, however, far more radical reorganization is in order, a reorganization that basically alters the relationship between the political system and the acquisition process. As troubled as politicians may be by features of the acquisition process, the political system as a whole has so far been unwilling to contemplate change this great. Reluctance is not surprising; a political system accustomed to muddling through will probably engage in radical reform only in response to massive failure. And the fact is, the failures of the acquisition process tend to appear on the margins. (86)

Works Cited

Adelman, Kenneth L., and Norman R. Augustine. The Defense Revolution. San Francisco: ICS Press, 1990.

Aaron, Henry J., ed. Setting National Priorities. Washington, D.C.: The Brookings Institution, 1990.

Cleland, David I., James M. Gallagher and Ronald S. Whitehead, eds. Military Project Management Handbook. New York: McGraw-Hill, Inc., 1993.

Comptroller General of the United States. Weapons Acquisition: A Rare Opportunity for Lasting Change. Washington, D.C.: Government Printing Office, 1990.

"Cultural Shift Clutches Acquisition Work Force." National Defense 79 (1994): 22.

Culver, C. M. Federal Government Procurement - An Uncharted Course Through Turbulent Waters. Virginia: National Contract Management Association, 1985.

Drucker, Peter F. Managing for the Future. New York: Truman Talley Books, 1992.

Emery, James C. Organizational Planning and Control Systems. Ontario: The Macmillan Company, 1969.

Forman, Brenda. "Wanted: A Constituency for Acquisition Reform." Acquisition Review Quarterly 2 (1994): 90-99.

Gansler, Jacques. Affording Defense. Massachusetts: The MIT Press, 1991.

Gregory, William H. The Defense Procurement Mess. Massachusetts: Lexington Books, 1989.

Hammer, Michael, and James Champy. Reengineering the Corporation. New York: Harper Business, 1993.

Hampson, Fen. Unguided Missles. New York: Norton Publishing, 1989.

Houston, Charles. Comparative Acquisition Systems: "Foreign Acquisition Systems." Industrial College of the Armed Forces, Washington, DC, September, 1994.

Kaminski, Paul G. "The Defense Acquisition Challenge: Technological Supremacy at an Affordable Cost." Washington: Industrial College of the Armed Forces, 27 January, 1995.

Kapstein, Ethan Barnaby. The Political Economy of National Security. New York: McGraw-Hill, Inc., 1992.

Kilgore, R. "Foreign Acquisition Systems - Can We Learn From Them?". Executive Research Project F33a, 1992.

Manganelli, Raymond L. and Klein, Mark M. "A Framework for Reengineering." Management Review, (1994): 10-16.

McNaugher, Thomas L. Defense Management Reform: For Better or Worse?. Washington, D.C.: The Brookings Institution, 1990.

McNaugher, Thomas L. New Weapons, Old Politics. Washington, D.C.: The Brookings Institution, 1989.

Osborne, David, and Ted Gaebler. Reinventing Government. Massachusetts: Addison-Wesley Publishing Co., Inc., 1992.

Perry, William J. Acquisition Reform - A Mandate for Change. US Department of Defense, 1994.

Porter, Michael. Competitive Advantage of Nations. New York: The Free Press, 1990.

"Procurement Reform: But Will the Hill Return a Bill?" Purchasing. 115 (1993): 16.

Schick, Allen. The Federal Budget. Washington, D.C.: The Brookings Institution, 1995.

Shuman, Howard E. Politics and the Budget. New Jersey: Prentice Hall, 1988.

Spitzer, T. Quinn, Jr, and Tobia, Peter M. "People-Wise Organizations: The Human Side of Change." Management Review (1994): 44-47.

The Report of the National Performance Review. Creating a Government That Works Better and Costs Less. Washington, D.C.: Government Printing Office, 1993.

Thurow, Lester. Head to Head. New York: William Morrow and Co., Inc. 1992.

US Congress, Committee on Armed Services House of Representatives. Acquisition Reform: Fact or Fiction. Washington, D.C.: Government Printing Office, 1994.

US General Accounting Office. Acquisition Reform: DOD's Efforts to Streamline Its Acquisition System and Reduce Personnel. Washington, D.C.: Government Printing Office, 1989.

US General Accounting Office. Acquisition Reform: Military Departments' Response to the Reorganization Act. Washington, D.C.: Government Printing Office, 1989.

"White House Axed Preston Reforms." Aviation Week and Space Technology 140 (1994): 79.

Wildavsky, Aaron. The New Politics of the Budgetary Process. California: Harper Collins, 1987.